

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ROBERT STROUGO, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

LANNETT COMPANY, INC., TIMOTHY C.  
CREW, and MARTIN P. GALVAN,

Defendants.

Case No. 2:18-cv-03635-MAK

Judge Mark A. Kearney

**ORDER**

**AND NOW**, this \_\_\_\_\_ 2019, upon consideration of Plaintiffs' Motion for preliminary approval of the July 12, 2019 Stipulation of Settlement (the "Stipulation") (ECF No. 68), the form and consent of notice and following the noticed hearing on Plaintiff's Motion, it is ORDERED Plaintiff's Motion is GRANTED:

1. Upon review of the Stipulation, we preliminarily approve the Settlement in the Stipulation<sup>1</sup>, subject to further consideration at the Final Approval Hearing on \_\_\_\_\_, 2019 at \_\_\_\_\_.

2. We will hold a final hearing for approval of the Settlement on \_\_\_\_\_ at the United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Philadelphia, PA 19106, to determine: (a) whether the proposed Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Settlement Class and should be approved by the Court; (b) whether a Judgment, as provided in

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<sup>1</sup> All capitalized terms not defined herein have the same meaning prescribed to them in the Stipulation.

¶1.9 of the Stipulation, should be entered, dismissing the Litigation in its entirety and with prejudice, whether the covenants by the Lead Plaintiffs and Settlement Class Members and the release by the Lead Plaintiffs and Settlement Class Members of the Released Claims, in the Stipulation, should be provided to the Released Parties, whether the Lead Plaintiffs and Settlement Class Members should be forever barred and enjoined from commencing, instituting, prosecuting or maintaining any of the Released Claims against the Released Parties and whether the covenants by the Released Persons and the release by the Released Persons of Lead Plaintiffs, Settlement Class Members and Lead Plaintiffs' Counsel, as set forth in the Stipulation should be provided to Lead Plaintiffs, Settlement Class Members and Lead Plaintiffs' Counsel; (c) whether the proposed Plan of Allocation is fair, reasonable, and adequate and should be approved; and (d) the amount of fees and expenses to be awarded to Lead Counsel. The Court may adjourn the Settlement Hearing without further notice to the Members of the Settlement Class.

3. The Court approves, as to form and content, the attached Notice of Proposed Settlement of Class Action (the "Notice"), the Proof of Claim and Release form (the "Proof of Claim"), and Summary Notice finding the mailing and distribution of the Notice and publishing of the Summary Notice, substantially in the manner and form in, ¶¶5-6 of this Order, meet the requirements of Federal Rule of Civil Procedure 23 and due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

4. All fees, costs, and expenses incurred in identifying and notifying Settlement Class Members shall be paid by the Defendants as defined in the Stipulation, and in no event shall any of the Lead Plaintiffs, the Settlement Class, or Lead Plaintiffs' Counsel bear any responsibility for such fees, costs, or expenses.

5. The firm of JND Legal Administration (“Claims Administrator”) is approved to supervise and administer the notice procedure and process claims:

- a. Defendants shall provide to the Claims Administrator, at no cost to Lead Plaintiffs or the Settlement Class within ten (10) business days of the date of entry of this Order, transfer records in electronic searchable form, such as Excel, containing the names and addresses of Persons who purchased or otherwise acquired Lannett securities during the Settlement Class Period;
- b. No later than \_\_\_\_\_ (the “Notice Date”), the Claims Administrator shall begin mailing the Notice and Proof of Claim, substantially in the attached forms, by First-Class Mail to all Settlement Class Members who can be identified with reasonable effort and to be posted on its website, along with the Complaints, Answer and this Order, and all future filings at [www.LannettSecuritiesSettlement.com](http://www.LannettSecuritiesSettlement.com);
- c. No later than \_\_\_\_\_, the Claims Administrator shall cause the Summary Notice to be published once over a national newswire service, *PRNewswire*; and
- d. No later than \_\_\_\_\_, Defendants shall file proof of compliance with ¶¶ 5-6 of this Order by affidavit or declaration.

6. Nominees who purchased or acquired Lannett securities during the Settlement Class Period for the beneficial ownership of Settlement Class Members shall send the Notice and the Proof of Claim to all such beneficial owners of Lannett securities within ten (10) calendar days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) calendar days of receipt thereof, in which event the Claims

Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are Settlement Class Members out of the Settlement Fund, which expenses would not have been incurred except for the sending of such notice, subject to further Order of this Court with respect to any dispute concerning such compensation.

7. All Members of the Settlement Class who or which do not request exclusion from the Settlement Class shall be bound by all determinations and judgments in the Litigation concerning the Settlement, including, but not limited to, the releases therein, whether favorable or unfavorable to the Settlement Class, whether such Settlement Class Members submit Proofs of Claim or otherwise seek or obtain by any means any distribution from the Net Settlement Fund.

8. All opening briefs and supporting documents in support of the Settlement, the Plan of Allocation, and any application by Lead Counsel for attorneys' fees and expenses shall be filed no later than \_\_\_\_\_. Oppositions shall be filed and served by \_\_\_\_\_.

9. Settlement Class Members who wish to participate in the Settlement shall complete and submit Proofs of Claim in accordance with the instructions contained therein. All Proofs of Claim must be postmarked or submitted electronically to [www.LannettSecuritiesSettlement.com](http://www.LannettSecuritiesSettlement.com) no later than \_\_\_\_\_. Any Settlement Class Member who does not timely submit a Proof of Claim within one hundred-twenty days (120 after the mailing of the Notice), \_\_\_\_\_, shall be barred from sharing in the distribution of the proceeds of the Settlement Fund, unless otherwise ordered by the Court, but shall nonetheless be bound by the Settlement, the Judgment, and releases therein. Notwithstanding the foregoing, Lead Counsel may, in its discretion, accept late-submitted claims for processing by the Claims Administrator so long

as distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby.

10. Any Member of the Settlement Class who or which does not request exclusion from the Settlement Class may enter an appearance in the Litigation, at his, her, or its own expense, individually or through counsel of their own choice. Any Settlement Class Members who or which does not enter an appearance will be represented by Lead Counsel.

11. Any Person falling within the definition of the Settlement Class may, upon request, be excluded or “opt out” from the Settlement Class. To opt out, a Person must submit to the Claims Administrator a signed request for exclusion (“Request for Exclusion”) postmarked no later than \_\_\_\_\_ . The Request for Exclusion must state: (i) the name, address, and telephone number of the Person requesting exclusion; (ii) a list identifying the number of shares and date of each purchase, acquisition and sale of Lannett securities and the price paid and/or received for any purchase, acquisition or sale of Lannett securities between February 8, 2018 and November 19, 2018, inclusive; and (iii) the Person wishes to be excluded from the Settlement Class. All Persons who submit valid and timely Requests for Exclusion under this paragraph and the attached Notice shall have no rights under the Settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement or any final judgment. Unless otherwise ordered by the Court, any Person falling within the definition of the Settlement Class who fails to timely request exclusion from the Settlement Class in compliance with this paragraph shall be deemed to have waived his, her, or its right to be excluded from the Settlement Class, and shall be barred from requesting exclusion from the Settlement Class in this or any other proceeding.

12. Lead Counsel or the Claims Administrator shall cause to be provided to Defendants’ counsel copies of all Requests for Exclusion, and any written revocation of Requests

for Exclusion, promptly upon receipt and as expeditiously as possible, and in any event no later than \_\_\_\_\_.

13. Any Member of the Settlement Class may file a written objection to the proposed Settlement and show cause why the proposed Settlement of the Litigation should or should not be approved as fair, reasonable, and adequate, why a judgment should or should not be entered thereon, why the Plan of Allocation should or should not be approved, or why attorneys' fees and expenses should or should not be awarded to Lead Counsel, provided, however, no Settlement Class Member or any other Person shall be heard or entitled to contest such matters, unless he, she or it has filed a written objection on or before \_\_\_\_\_ with the Clerk of the United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Philadelphia, PA 19106. Any Member of the Settlement Class who does not make his, her, or its objection in the manner provided herein and in the Notice shall be deemed to have waived such objection and shall forever be foreclosed from objecting to the fairness or adequacy of the proposed Settlement, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Lead Counsel or expenses of Lead Plaintiffs, unless otherwise ordered. Attendance at the Settlement Hearing is not necessary. Settlement Class Members do not need to appear at the Settlement Hearing or take any action if they do not oppose any aspect of the Settlement.

14. Any objections, filings, and other submissions by the objecting Settlement Class Member must: (i) state the name, address, and telephone number of the Person objecting and must be signed by the objector; (ii) contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (iii) include documents sufficient to prove membership in the Settlement Class, including the objecting Settlement Class

Member's purchases, acquisitions, and sales of Lannett securities during the Settlement Class Period.

15. Responses to any pending objections shall be filed no later than \_\_\_\_\_.
16. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to this Court's jurisdiction, until such time as a Court Order distributes funds.
17. Neither the Defendants and their Related Parties nor Defendants' counsel shall have any responsibility for the Plan of Allocation nor will any application for attorneys' fees or expenses submitted by Lead Counsel or expenses of Lead Plaintiffs, and such matters be considered separately from the fairness, reasonableness, and adequacy of the Settlement.
18. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees or payment of expenses shall be approved.
19. All reasonable expenses incurred in identifying and notifying Settlement Class Members, as well as administering the Settlement Fund, shall be paid by the Defendants pursuant to the Stipulation. In the event the Settlement is not approved by the Court, or otherwise fails to become effective, neither Lead Plaintiffs nor any of their counsel shall have any obligation to repay any amounts incurred and properly disbursed pursuant to 2.7 or 2.10 of the Stipulation.
20. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by the Defendants as to the validity of any claims or as to the truth of any of the allegations in the Litigation, or of any liability, fault, or wrongdoing of any kind.
21. The Court reserves the right to adjourn the date of the Settlement Hearing without

further notice to the Members of the Settlement Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Settlement Class. The Court further reserves the right to enter the Judgment approving the Settlement regardless of whether it approved the Plan of Allocation or awarded attorneys' fees and/or expenses.

22. If the Stipulation and the Settlement is not approved or consummated for any reason whatsoever, this Order shall be rendered null and void, and be of no further force and effect, except as otherwise provided by the Stipulation. This Order, the Stipulation, and the Settlement and all proceedings had in connection therewith shall be without prejudice to the rights of the Settling Parties *status quo ante*.

23. Unless ordered otherwise, all proceedings in the Litigation are stayed, except as may be necessary to implement the Settlement or comply with the terms of the Stipulation or other agreement of the Settling Parties approved by the Court. Pending final determination of whether the proposed Settlement should be approved, neither Lead Plaintiffs nor any Settlement Class Member, directly or indirectly, representatively, or in any other capacity, shall commence or prosecute against any of the Defendants, any action or proceeding in any court or tribunal asserting any of the Released Claims.

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THE HONORABLE MARK A. KEARNEY  
UNITED STATES DISTRICT JUDGE